Federal Accounting Standard Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47, *Reporting Entity*,requires NOAA to include non-NOAA organizations in the NOAA financial statements if **the organization meets ANY ONE of the three (3) criteria in the below table**. (<http://files.fasab.gov/pdffiles/handbook_sffas_47.pdf>)

*Note*: An organization’s legal form is not a determining factor – even in cases where legislation indicates an organization is “not an agency or instrumentality” of the federal government.

**Action to Be Taken:**

Identify organization(s) that meet ANY ONE of the below three criteria. Please provide the organization and supporting documentation for analysis of it to NOAA Finance (Amy Lin and Heather Potter).

If questions arise while performing an analysis of an organization, please contact NOAA Finance (Amy Lin and Heather Potter).

**Evaluation of Non-NOAA organizations:**

A non-NOAA organization should be reported to NOAA Finance if it meets ANY ONE of the following three (3) criteria:

|  |  |
| --- | --- |
| **Criteria** | **Criteria Evaluation Information** |
| 1. **Any organization included in the NOAA budget:**
 | * + Any organization with an account(s) listed in the Budget of the United States Government: Analytical Perspectives – Supplemental Material schedule that provides budget account level information.
	+ This criteria does NOT apply to non-fed organizations (defined as a state, local or territorial government or component, or a non-profit organization) receiving federal financial assistance.

*Note:* Federal financial assistance is assistance that non-fed organizations receive or administer in the form of grants, loans, loans guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, federally-authorized support fees and other charges, or other assistance. |
| 1. **Any organization that NOAA has a majority ownership interest in**
 | * + “Ownership interest” is a legal claim on the net residual assets of an organization such as holding shares or other formal equity instruments.
	+ Majority ownership interest exists if NOAA holds more than 50% of the voting rights or net residual assets of an organization.
 |

|  |  |
| --- | --- |
| 1. **Any organization controlled by NOAA with risk of loss or expectation of benefit**
 | * + Control” is the power to impose will on or govern the financial or operating policies of an organization with the potential to be obligated to provide financial support, assume financial obligations, or obtain financial resources or non-financial benefits.
	+ “Control” refers to the ability to control, whether exercised or not.
	+ “Control” does not mean that NOAA has responsibility for management of day-to-day operations of an organization; rather, it is NOAA’s authority to determine or influence the policies governing day-to-day operations that indicates control.

Below are indicators of control and how to access if control exists. |
| Persuasive Indicators of Control – meeting ANY One of these indicators means control DOES exist | * NOAA can establish or amend fundamental purpose and mission of the organization.
* NOAA can appoint or remove a majority of organization governing board members.
* NOAA can direct the governing body regarding financial and operating policies of the organization.
* NOAA can dissolve the organization thereby having access to the assets and responsibility for the organization’s obligations.
 |
| Other indicators of Control – meeting these indicators MAY exist, but must be considered aggregate | * NOAA can provide significant input on the selection/removal of organization’s governing body.
* NOAA can direct the ongoing use of the organization’s assets.
* NOAA can direct organization’s investment decisions.
* NOAA can appoint or remove organization’s key executives or personnel.
* NOAA can approve organization’s budgets or business plans.
* NOAA can require organization audits.
* NOAA can overrule or modify decisions of organization’s governing body or otherwise significantly influence organization’s normal operations.
* NOAA can provide financial support to the organization.
* NOAA can direct the organization to work with the government to provide services to taxpayers.
* NOAA can establish, rescind or amend the organization’s governance framework.
* NOAA can establish limits/restrictions on organization’s borrowing and investment.
* NOAA can restrict organization’s capacity to generate revenue.
 |
| Situations where “control” does NOT exist | * NOAA’s authority to exercise regulatory power over an organization.
* Economic dependency of the organization on the federal government.
 |